

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2003



Company Registration Number : 1119344

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

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Year ended 31 December 2003

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THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

A K Broadway
G Drago
J Teixeira da Silva

SECRETARY

A K Broadway

COMPANY NUMBER

1119344 (England and Wales)

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands B91 3DQ

AUDITORS

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

BANKERS

HSBC
34 Poplar Road
Solihull
B91 3AF

Bank of America
26, Elmfield Road
Bromley
Kent
BR1 1WA

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

The directors submit their report and the financial statements of The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited for the year ended 31 December 2003.

LEGAL AND ADMINISTRATIVE INFORMATION

The Church of Jesus Christ of Latter-Day Saints (European Distribution) Limited is a private limited company.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during 2003 was the retailing of clothing, CD's, curriculum and magazines, operating cafeterias, provision of accommodation for patrons and other activities on behalf of The Church of Jesus Christ of Latter-day Saints in the United Kingdom and Ireland from locations in the United Kingdom.

Effective 1 January 2003 the company began operations across Europe with the acquisition of a warehouse near Frankfurt, Germany and two retail outlets also in Germany. The German branch engages in the same activities as the UK Head Office serving customers in mainland Europe.

Effective 1 January 2004 the company's European operations were expanded with the acquisition of retail outlets in Sweden and Denmark.

As of 31 March 2005 the company is wholly owned by The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints incorporated in the state of Utah, United States of America. Prior to this change in ownership the company was jointly owned by The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints and The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints both of which are incorporated in the state of Utah, United States of America.

RESULTS

The loss of the company for the year was £1,763,632 (2002: profit of £5,416,851) after receiving a subvention payment of £5,750,000 from The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints).

The directors do not recommend the payment of a dividend, which leaves an accumulated deficit of £3,371,430 (2002: £1,607,798) to be carried forward in reserves.

Assurances of continued financial support have been received from The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:-

A K Broadway	
B L Buckner	resigned 12 March 2003
G Drago	appointed 12 March 2003
B C James	resigned 12 March 2003
P Malm	appointed 12 March 2003 - resigned 15 September 2003
R D McKnight	appointed 19 January 2004 - resigned 31 March 2005
J Teixeira da Silva	appointed 12 March 2003

J Teixeira da Silva retires by rotation and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES

None of the directors had, at any time during the year, a beneficial interest in the share capital of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors' to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on going concern basis, unless it is inappropriate to presume that the company will continue in business.

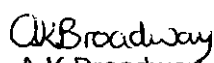
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors' are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board


A K Broadway
Secretary
28 April 2005

AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

for the year ended 31st December 2003

Independent auditors' report to the members of The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited

We have audited the financial statements which comprise the statement of financial activities, the balance sheet and related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS CHRIST
(EUROPEAN DISTRIBUTION) LIMITED

for the year ended 31st December 2003

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ
28 April 2005

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31st December 2003

	Notes	Head office 2003 £	Branch 2003 £	Total 2003 £	Head office Total 2002 £
TURNOVER	1	1,730,856	2,666,301	4,397,157	1,924,270
Cost of Sales		<u>(1,149,971)</u>	<u>(1,955,681)</u>	<u>(3,105,652)</u>	<u>(1,179,058)</u>
GROSS PROFIT		580,885	710,620	1,291,505	745,212
Administrative Expenses	2	<u>(1,160,788)</u>	<u>(1,894,352)</u>	<u>(3,055,140)</u>	<u>(1,069,053)</u>
OPERATING LOSS		(579,903)	(1,183,732)	(1,763,635)	(323,841)
Profit on sale of Fixed Assets		-	-	-	100
Subvention payment	4	-	-	-	5,750,000
Interest Receivable		3	-	3	52
Interest Payable		<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,460)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(579,900)	(1,183,732)	(1,763,632)	5,416,851
Taxation	7	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR	15	<u>(579,900)</u>	<u>(1,183,732)</u>	<u>(1,763,632)</u>	<u>5,416,851</u>

The loss for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

The notes on pages 10 to 16 form part of these financial statements.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

BALANCE SHEET
as at 31st December 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	<u>295,597</u>	<u>79,421</u>
CURRENT ASSETS			
Stock	9	7,249,420	539,809
Debtors	10	92,735	191
Cash at bank and in hand		<u>171,435</u>	<u>22,981</u>
		7,513,590	562,981
CREDITORS			
Amounts falling due within one year	11	<u>(440,985)</u>	<u>(508,972)</u>
NET CURRENT ASSETS		<u>7,072,605</u>	<u>54,009</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,368,202	133,430
CREDITORS			
Amounts falling due after more than one year	12	(10,739,532)	(1,741,128)
PROVISIONS FOR LIABILITIES AND CHARGES		-	-
		<u>(3,371,330)</u>	<u>(1,607,698)</u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Accumulated deficit	15	<u>(3,371,430)</u>	<u>(1,607,798)</u>
SHAREHOLDERS' FUNDS	16	<u>(3,371,330)</u>	<u>(1,607,698)</u>

Approved by the board on 28 April 2005
and signed on their behalf

A K Broadway
A K Broadway - Director

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

ACCOUNTING POLICIES

for the year ended 31 December 2003

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The directors have reviewed the company's existing accounting policies and consider that they are the most appropriate in accordance with FRS 18.

CONSOLIDATION OF GERMAN BRANCH

For the purpose of reporting in these accounts the profit and loss account and balance sheet of the German branch have been consolidated with those of the Head office operations.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are shown at original purchase cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor Vehicles	25%
Plant and Equipment	10%
Furnishings	10%

OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

FOREIGN CURRENCY TRANSLATIONS

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account in the year in which they arise.

PENSION CONTRIBUTIONS

The Head office is a member of a Multi employer Deseret UK Benefit Plan that is of a defined benefit type. Retirement benefits are payable through separately funded UK pension schemes. The company has taken advantage of the transitional rules of FRS 17, Retirement Benefits. The company is unable to identify its share of the underlying assets and liabilities of the scheme.

The Company also has another defined benefit scheme for its German branch which was acquired on 1 January 2003. The company is unable to identify its share of the German branch's assets and liabilities and has taken advantage of the transitional rules of the FRS 17, Retirement Benefits. The company has accounted pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable. Prior pensionable commitments remain with Kirche Jesu Christi der Heiligen der Letzten Tage, an Association established under German law.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

ACCOUNTING POLICIES

for the year ended 31 December 2003

TAXATION

Corporation tax payable is provided on taxable profits at current rates.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

CASH FLOW STATEMENTS

The company has taken advantage of the exemption available under FRS1 from preparing a cash flow statement as it qualifies as a small company.

DEFERRED TAXATION

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of any underlying timing differences can be deducted. Timing differences arise between the company's taxable profit and its results as stated in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based in tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

GOING CONCERN

The ultimate parent companies have undertaken to continue their financial support of the company to the extent of, and as long as there exists a deficiency of shareholders' funds, and for at least the next twelve months from the approval of the accounts.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

1 TURNOVER

	2003	2002
	£	£
Analysed by geographic area		
United Kingdom and Republic of Ireland	1,730,856	1,924,270
Germany and rest of Europe	<u>2,666,301</u>	<u>-</u>
	<u>4,397,157</u>	<u>1,924,270</u>

Turnover comprises sales of religious, educational and administrative materials.

2 OTHER OPERATING EXPENSES

	2003	2002
	£	£
Distribution costs	634,630	203,012
Administration expenses	<u>2,420,510</u>	<u>866,041</u>
	<u>3,055,140</u>	<u>1,069,053</u>

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE
TAXATION

	2003	2002
	£	£
This is stated after charging/(crediting):		
Auditors' remuneration	19,462	9,000
Depreciation on owned assets	63,911	19,272
Profit on sale of fixed assets	-	(100)
Operating lease - land and buildings	<u>230,509</u>	<u>-</u>

4 SUBVENTION PAYMENT

	2003	2002
	£	£
Subvention payment from parent company	<u>-</u>	<u>5,750,000</u>

The company received a subvention payment from The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints during the year ended 31 December 2002 to cover losses on activities that will not be part of the company going forward.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:-

	2003 £	2002 £
Wages and salaries	1,135,216	490,864
Social security costs	165,215	34,790
Other pension costs	144,159	44,664
	<u>1,444,590</u>	<u>570,318</u>

The average monthly number of employees, including directors, during the year was as follows:

	2003 No.	2002 No.
Office and management	24	12
Other	32	20
	<u>56</u>	<u>32</u>

6 DIRECTORS REMUNERATION

	2003 £	2002 £
Emoluments	<u>72,401</u>	<u>98,719</u>
Contributions paid by the company to its pension schemes in respect of directors	<u>9,599</u>	<u>8,713</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

There was no tax arising for the period due to taxable losses arising during the period. There is an unrecognised deferred tax asset arising in connection with these losses and other timing differences of £1,005,429 (2002: £476,339).

	2003 £	2002 £
(Loss)/profit on ordinary activities	(1,754,632)	5,416,851
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2002: 30%)	(529,090)	1,625,055
Effect of:		
Accelerated capital allowances/other timing differences	<u>529,090</u>	<u>(1,625,055)</u>
Tax (credit)/charge	<u>-</u>	<u>-</u>

8 TANGIBLE FIXED ASSETS

	Fixtures & Fittings £'000	Plant & Machinery £'000	Motor Vehicles £'000	Total £'000
Cost:				
1 January 2003	60,282	73,078	11,359	144,719
Additions	1,074	20,956	-	22,030
German branch	-	258,055	-	258,055
Disposals	<u>-</u>	<u>(15,727)</u>	<u>-</u>	<u>(15,727)</u>
31 December 2003	<u>61,356</u>	<u>336,362</u>	<u>11,359</u>	<u>409,077</u>
Depreciation				
1 January 2003	25,684	36,774	2,840	65,298
Charge for Year	6,619	54,453	2,839	63,911
Disposals	<u>-</u>	<u>(15,729)</u>	<u>-</u>	<u>(15,729)</u>
31 December 2003	<u>32,303</u>	<u>75,498</u>	<u>5,679</u>	<u>113,480</u>
Net book value:				
31 December 2003	<u>29,053</u>	<u>260,864</u>	<u>5,680</u>	<u>295,597</u>
31 December 2002	<u>34,598</u>	<u>36,304</u>	<u>8,519</u>	<u>79,421</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

9 STOCK

	2003 £	2002 £
Finished goods and goods for resale	<u>7,249,420</u>	<u>539,809</u>

10 DEBTORS

	2003 £	2002 £
Trade debtors	75,013	-
Other debtors	<u>17,722</u>	<u>191</u>
	<u>92,735</u>	<u>191</u>

11 CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Social security and other taxes	75,982	340,101
Accruals and deferred income	<u>365,003</u>	<u>168,871</u>
	<u>440,985</u>	<u>508,972</u>

12 CREDITORS: Amount falling due in more than one year

	2003 £	2002 £
Loan from ultimate holding company	<u>10,739,532</u>	<u>1,741,128</u>
	<u>10,739,532</u>	<u>1,741,128</u>

This is a loan from The Corporation of the President of The Church of Jesus Christ of Latter-day Saints which is subordinated to the claims of all other creditors. The loan is interest free and there are no repayment terms.

13 FINANCIAL COMMITMENTS

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2003 £	2002 £
Operating lease expiring after 5 years	<u>237,462</u>	<u>-</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

14 SHARE CAPITAL	2003 £	2002 £
Authorised: 25,000,000 ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>
Allotted, issued and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
15 ACCUMULATED DEFICIT	2003	2002
Balance at 1 January 2003	(1,607,798)	(7,024,649)
(Loss)/profit for the financial year	<u>(1,763,632)</u>	<u>5,416,851</u>
Balance at 31 December 2003	<u>(3,371,430)</u>	<u>(1,607,798)</u>
16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2003	2002
Opening shareholders' funds	(1,607,698)	(7,024,549)
Profit/(Loss) for the financial year	<u>(1,763,632)</u>	<u>5,416,851</u>
Closing shareholders' funds	<u>(3,371,330)</u>	<u>(1,607,698)</u>

Shareholders' funds relate entirely to equity interests.

17 ULTIMATE HOLDING COMPANY

As of 31 March 2005 the company is wholly owned by the Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints incorporated in the state of Utah, United States of America. Prior to this change in ownership the company was jointly owned by the Corporation of the President of The Church of Jesus Christ of Latter-Day Saints and the Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-day Saints both of which are incorporated in the state of Utah, United States of America.

Assurances of continued financial support have been received from The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

18 POST BALANCE SHEET EVENTS

Effective 1 January 2004 the company's European operations were expanded with the acquisition of retail outlets in Sweden and Denmark. The company's accounts for the year ended 31 December will incorporate the results of these new branches.

19 RELATED PARTY TRANSACTIONS

During the year the company purchased religious, educational and administrative materials totalling £789,541 (2002 £1,041,041) from The Corporation of the President of The Church of Jesus Christ of Latter-day Saints.

Included in turnover are sales totalling £1,173,094 (2002 £220,521) to The Church of Jesus Christ of Latter-day Saints (Great Britain), a fellow subsidiary undertaking.

The company undertakes its principal activities from the London and Preston temples and a distribution warehouse in Birmingham. The London Temple and the Distribution warehouse are owned by The Church of Jesus Christ of Latter-day Saints (Great Britain), a fellow subsidiary undertaking, and no rent is charged by it to the company.

The Preston Temple is owned by The Church of Jesus Christ of Latter-day Saints (Welfare), a fellow subsidiary undertaking and a charge of £10,000 per annum is charged for the rental of the commercial space occupied at this site.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2003

20 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The Head office is a member of a Multi employer Deseret UK Benefit Plan that is of a defined benefit type. Retirement benefits are payable through separately funded UK pension schemes. The company has taken advantage of the transitional rules of FRS 17, Retirement Benefits. The company is unable to identify its share of the underlying assets and liabilities of the scheme.

A full actuarial valuation was carried out at 31 December 2001 and updated to 31 December 2003 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

The major assumptions adopted in this valuation were:-

	31 December 2003	31 December 2002	31 December 2001
Rate of increase in salaries	4.30%	3.90%	4.00%
Rate of increase of pensions in payment	2.80%	2.40%	2.50%
Discount rate	5.40%	5.50%	6.00%
Inflation	2.80%	2.40%	2.50%

The assets of Deseret UK Benefit Plans and the expected rate of return were :-

	At 31 December 2003	At 31 December 2002	At 31 December 2001
	£million	Return	Return
Equities	8.83	7.00%	7.00%
Bonds and Cash	2.13	4.21%	4.60%
Property	0.33	5.50%	6.00%
Total market value of assets	11.29		
Actuarial value of liability	(18.29)		
Deficit in the scheme	(7.00)		

The charge for Head Office pension costs in 2003 was £47,368 (2002 £41,870)

The company is unable to identify its share of the underlying assets and liabilities of the scheme. As a result the company's cost is based on pension contributions payable in accordance with advice of professionally qualified actuaries.

The Company also has another defined benefit scheme for its German branch which was acquired on 1 January 2003. The company is unable to identify its share of the German branch's assets and liabilities and has taken advantage of the transitional rules of the FRS 17, Retirement Benefits. The company has accounted pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable. Prior pension-able commitments remain with Kirche Jesu Christi der Heiligen der Letzten Tage, an Association established under German law.

The charge for German Branch pension costs in 2003 was £96,791 (2002; nil)